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Rec'd: NOVEMBER 24, 1958

2:17 PM

DEPARTMENT OF STATE

FROM: LONDON

TO: Secretary of State

NO: 2859, NOVEMBER 24, 6 PM

SENT DEPARTMENT 2859, REPEATED INFORMATION BONN 126, BERLIN 17,
PARIS 389, MOSCOW 79.

PARIS FOR EMBASSY, USRO AND THURSTON

FOREIGN OFFICE STATES THAT IN RECENT TALK BETWEEN BRITISH
AMBASSADOR BONN AND SCHERPENBERG, STEEL ASKED ABOUT BONN'S
WILLINGNESS TO PUT ECONOMIC PRESSURE ON GDR OVER BERLIN.
SCHERPENBERG SAID FEDREP DID NOT CONTEMPLATE ANY
"ABNORMAL" STEPS. WHEN ASKED ABOUT TRADE NEGOTIATIONS,
HE SAID THEY HAD GONE SO FAR THAT TO STALL NOW WOULD BE
"ABNORMAL". WHEN STEEL SUGGESTED MIGHT BE DESIRABLE
FOR FEDREP TO REVIEW EXPORT CONTROL MACHINERY, SCHERPENBERG
REPLIED MIGHT BE SUCH MACHINERY NON-EXISTENT.

BRITISH REPORT FROM BERLIN QUOTES GERMANS THERE AS
INDICATING THEY UNLIKELY TO HOLD BACK ON PERMITS FOR
TRADE WITH GDR IF SOVIET-GDR ACTION IS ONLY AGAINST
ALLIED COMMUNICATIONS.

RUMBOLD STATES IN INTERVIEW WITH SIX GERMAN BUSINESSMEN,
NOVEMBER 24 HE RAISED QUESTION POSSIBILITY CUTTING
OFF WEST GERMAN STEEL EXPORTS TO GDR. GERMAN BUSINESSMEN
WERE UNANIMOUS IN THINKING THIS UNDESIRABLE BECAUSE
COULD LEAD TO GDR CUTTING OFF SUPPLY OF BROWN COAL FOR
WESTERN SECTORS BERLIN AND SOVIETS WOULD SUPPLY GDR WITH
STEEL IF FEDREP DID NOT.

FOREIGN OFFICE OFFICIALS REMARKED THESE REPORTS HAD
CAUSED CONSIDERABLE PERTURBATION IC FOREIGN OFFICE.
NO QUESTION FROM THIS AND PREVIOUS REMARKS BY

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- 2 - 2859, NOVEMBER 24, 6 PM

LLOYD AND LOWER LEVEL FOREIGN OFFICE OFFICIALS THAT THEY SUSPICIOUS
FEDREP WILL TRY TO AVOID FAIR SHARE OF BURDEN IF SACRIFICES
EVENTUALLY REQUIRED AND WILL EXPECT US SUPPORT FOR TAKING
VERY FIRM POSITION WITH GERMANS ON THIS ISSUE. WE MIGHT
WELL BE CONFRONTED WITH EXTREME BRITISH RELUCTANCE TO
ACCEPT SACRIFICES IF THEY NOT SATISFIED WITH GERMAN
ATTITUDE WHEN SHOWDOWN COMES.

WHITNEY

JYH/22

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